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Algeria	8.00	Dh	Iran	115.00	Rial	Omni	1,000	Rial
Australia	22.5	Cent	Italy	145.00	Esc			
Bahrain	6.00	Dh	Japan	1,000	Yen	Osaka	8.00	Yen
Belgium	50.00	Franc	Lebanon	1,500	L.L.	Beirut	75.00	L.L.
Canada	1.10	Can	Malaysia	2.00	Mal	Singapore	1.00	Sing
Cyprus	1.00	Cyp	Norway	1.00	Nor	Oslo	1.00	Nor
Dominican	1.00	D.R.	Spain	165.00	Pes			
Egypt	1.00	E.P.	Switzerland	2.50	Sfr	Zurich	2.50	Sfr
France	1.00	Fr	Taiwan	2.00	Tai	Taipei	2.00	Tai
Germany	2.70	DM	Thailand	3.00	Th	Bangkok	3.00	Th
Greece	120.00	Dr	U.S.A.	1.00	Doll	New York	1.00	Doll
			U.K.	1.00	Pound	London	1.00	Pound
			West Germany	2.50	DM			

ESTABLISHED 1887

PEOPLE
onna Statue Lives Not in Italy
 is to erect a statue of Madonna in the village of grandmothers left in the wake of the Naples earthquake. The statue, which will be placed in the village of Madonna, is the work of a conference that was held in the village of Madonna. The statue will be placed in the village of Madonna. The statue will be placed in the village of Madonna.

U.S. Jets To Leave Spain
Political Impact Seen Larger Than Practical Loss
 By Barry James
 International Herald Tribune
 Western military officials sought Friday to play down the practical impact on NATO's southern flank of the planned withdrawal of 72 U.S. Air Force F-16 fighter-bombers from Torrejon air base near Madrid.

They said that under the terms of a Spanish-U.S. agreement in principle Spain would continue to allow its territory to be used as a logistics base in the event of crisis or war. The text of the accord was released in Madrid and Washington on Friday.

Nonetheless, the U.S. decision to withdraw the aircraft under pressure from Spain's Socialist government was regarded by some military analysts as a serious setback. U.S. officials and congressional leaders have been concerned during negotiations leading up to the agreement that the pullout could set a precedent for U.S. bases in other countries, and that it could adversely affect future negotiations between North Atlantic Treaty Organization and the Warsaw Pact on reducing conventional weapons.

Brent Scowcroft, the former U.S. national security adviser, said Friday in Paris that "the potential political impact is perhaps greater than the intrinsic military importance."

Charles E. Redman, spokesman for the U.S. State Department, said Friday in Washington that the removal of the jets would leave a hole in alliance defenses.

But he said: "If the question is, 'Does NATO strategy remain viable, is NATO safe?' Then, the answer is yes."

Senator Jim Sasser, Democrat of Tennessee and chairman of the subcommittee on military construction, said that the accord could "embolden" Turkey, Greece and Portugal to make similar demands for the withdrawal of U.S. military forces.

In a letter to Defense Secretary Frank C. Carducci, Mr. Sasser called the agreement "a major mistake" that "could severely weaken deterrence in southern Europe."

Mr. Sasser is the sponsor of legislation that bars any expenditure of U.S. funds for the relocation of the F-16s elsewhere than in Spain. He said his intention was to give the administration additional leverage in its negotiations with Spain and See SPAIN, Page 2

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Reagan Wants Gains in Space
 WASHINGTON (WP) — President Ronald Reagan has approved a new space policy that calls for an \$11.3 billion plan to restore the U.S. space program to its former dominance in manned operations, according to the issue to be published Monday of Aviation Week & Space Technology.

Mr. Reagan is expected to announce the policy during his State of the Union address on Jan. 25. The main goals are promoting U.S. pre-eminence in manned Earth orbital flight and sending U.S. manned operations to the moon and to Mars.



Better-than-expected U.S. trade figures released Friday sent share prices on the Paris Bourse up 3 percent in frenetic trading.

Buying Frenzy Erupts on World Markets

PARIS — The announcement that the U.S. trade deficit had fallen to \$13.2 billion in November hit markets around the world at precisely 2:31 PM local time, popping the cork on weeks of anticipatory pressure. Within seconds, a buying frenzy was unleashed that sent the dollar and shares soaring.

"It was just like 'Star Wars,'" William Timmerman, an equity salesman at the French broker Puget & Compagnie, said of the trading frenzy on the Bourse in Paris. "All the stocks took off and just went straight up."

The Bourse's trend index, which had been down 1.4 percent in the morning, shot up 3.2 percent minutes after the trade figures were released.

A similar scene was repeated on markets from Frankfurt to New York. Frenzied trading on the West German foreign exchange market in Frankfurt drove the dollar 5 pfennigs higher in the hour following the announcement of the trade figures.

"The screens were log-jammed," said a dealer for a U.S. bank in Frankfurt. "The dollar just took off. It was moving so fast that getting quotes of the bid and offer rates was almost impossible."

In New York, the demand for dollars was so frantic that dealers had difficulty finding sellers. "It's fast and furious," said Karen Kluge, a currency trader with Credit Suisse in New York.

"For the first five minutes after the number, it was like the stock exchange on Oct. 19. You couldn't find a price," said Chris Bourdain of Bank of America's New York office.

Officials were so nervous in anticipation of the trading that they barred photographers on Friday from the floor of the New York Stock Exchange. The Associated Press reported from New York.

In London, stock trading was described as frantic. "Prices were moving up so fast in the euphoric atmosphere that we were not being shown up-to-the-minute prices on our computer screens. There was a mad rush to go out and buy shares," said Randall Goldsmith, equity analyst with London brokers James Capel & Co.

U.S. Deficit Shrinks Sharply to \$13 Billion

By Stuart Auerbach
 Washington Post Staff Writer
 WASHINGTON — The U.S. merchandise trade deficit shrank a sharp 25 percent to \$13.2 billion in November, as exports reached their highest levels ever and imports dropped sharply, the Commerce Department said Friday.

The figures, which followed a record \$17.63 billion deficit in October, immediately boosted the value of the dollar, caused a surge of buying on the New York Stock Exchange and helped bonds rally.

The deficit, much narrower than the \$15 billion or so that most economists had forecast, was the best monthly showing since April. Nonetheless, the 1987 trade deficit is likely to set another record of about \$170 billion. The Reagan administration had hoped early last year for an improvement of between \$20 billion and \$30 billion on the 1986 deficit of \$156 billion.

The November improvement was paced by \$23.8 billion in exports, an increase of 9.4 percent from October's level. That included \$16.2 billion in exports from the critical area of manufactured goods. It was the best monthly showing ever for manufactured goods as well as for exports overall.

At the same time, the U.S. appetite for foreign products appeared to abate. Imports dropped to \$37.02 billion, down 6 percent from October's record high, which was blamed on a surge of orders for the Christmas season. The November decrease included a \$1.5 billion drop in imports of manufactured products.

"Across the board, the manufacturing exports look good," said William T. Archey, international vice president of the U.S. Chamber of Commerce.

He said that the November exports are not only an improvement over October, but are higher than the \$20.4 billion average for the first 10 months of the year.

"It's excellent news," said Jay Goldinger, a financial analyst with the Cantor, Fitzgerald & Co. bond-trading company in Los Angeles.

"This is long, long overdue," he said. The improvement came just See TRADE, Page 11

NEW YORK — The unexpected narrowing in November's U.S. trade deficit from October's record gap propelled the dollar, stocks and U.S. bonds sharply higher Friday in frenetic trading.

The dollar, which has been battered by a string of worsening deficits, jumped 4 pfennigs against the Deutsche mark in as many minutes after the announcement.

In New York, the dollar rose by nearly 6 pfennigs to close at 1.6875 DM, against 1.6295 on Thursday, and by nearly 5 yen to 130.95 yen from 126.05.

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Leader of Army Revolt In Argentina Escapes Troops Sent to Jail Him

BUENOS AIRES — The leader of a 1987 military revolt defied Argentina's democratic government for the second time in nine months on Friday, escaping from house arrest after the army high command sent troops backed by tanks to take him to jail to await trial for mutiny.

The wife of Lieutenant Colonel Aldo Rico, a Falklands War veteran who led the rebellion by officers in April 1987, said that her husband had been wounded.

Colonel Rico disappeared from a house on the outskirts of Buenos Aires before loyalist troops arrived.

As columns of up to 35 tanks closed in on the house in a country club complex, a few dozen supporters armed with pistols and other small firearms gathered around the colonel, witnesses said.

Colonel Rico's new defiance raised fears of a dangerous split in the army, pitting hard-liners who support him against officers loyal to the high command.

However, Defense Minister Horacio Jauretche said after meeting with President Raúl Alfonsín that there was no breakdown of the military command.

The army said in a statement that Colonel Rico was in rebellion and ordered his capture. It also said that he should also be stripped of his rank.

General José D. Caridi, the army chief of staff, who had warned of "blood and fire" if Colonel Rico did not surrender peacefully, issued a statement Friday saying that the colonel was on "a messianic and willful" mission that was "incompatible" with democracy.

Noemi Rico said her husband was resting in a private house after he was wounded before dawn in a shooting incident. It was not clear whether Colonel Rico was wounded during his escape.

He had been under house arrest since late December near the Campo de Mayo military base northwest of the capital.

Colonel Rico led a four-day rebellion in April by several hundred soldiers demanding an end to the trials of officers accused of human rights abuses during the 1976-1983 military dictatorship.

He surrendered after hundreds of thousands of Argentines took to the streets in support of democracy.

The high command's arrest order created unrest among Colonel Rico's supporters. There were reports that officers had confined themselves to barracks in two units outside Buenos Aires. (AP, Reuters)



Troops en route to arrest Lieutenant Colonel Aldo Rico near Buenos Aires on Friday. They failed.

Soviets Link Long-Range Arms Pact To SDI Plan

GENEVA — The Soviet Union presented proposals Friday firmly linking cuts in long-range strategic nuclear weapons to strict limits on anti-missile space defense programs.

The U.S. delegation rejected the proposal, saying it was intended to cripple the Strategic Defense Initiative, the U.S. plan for a space-based missile defense known as the "star wars" program.

The U.S. delegation spokesman, Terry Schroeder, said the Soviet offer was a "renewed attempt to achieve positions that we previously rejected."

He said the U.S. delegation hoped "the Soviets will take a more realistic approach" to the ninth round of strategic arms talks, which opened Thursday.

The chief Soviet negotiator, Alexei A. Obukhov, announced the proposals at a news conference, saying reductions in strategic nuclear arsenals "can only be made" if the Anti-Ballistic Missile Treaty of 1972 was preserved.

President Ronald Reagan said at the summit meeting in Washington in December that although the ABM Treaty could be extended, he proposed testing restraints on the SDI program.

Moscow maintains that the ABM accord prohibits advanced testing in space of anti-missile lasers and other systems.

The initial U.S. reaction was cool to the Soviet draft text proposal on limiting space defense research parallel to any treaty on the agreed mutual goal of 50 percent cuts in long-range nuclear weapons.

"The Soviet proposals will be studied," was Mr. Schroeder's only comment.

Mr. Obukhov said, "What is to be emphasized is that in the context of drafting a new treaty, it would be particularly important to make legally binding the understanding reached on the issue of compliance with, and nonwithdrawal from, the ABM Treaty within an agreed period of time."

"As it happens," Mr. Obukhov said, "radical reductions in strategic offensive arms can be made only if the ABM Treaty is preserved and complied with."

Although both sides have agreed in principle on extending the ABM Treaty, they are divided over the length of such nonwithdrawal — Washington proposing seven years and Moscow wanting 10 years.

More importantly, there is a serious divergence over interpretation of the treaty, with the Reagan administration taking a wider view by arguing that it does permit advanced anti-missile testing.

Negotiators have instructions from Mr. Reagan and Mikhail S. Gorbachev, the Soviet leader, to try and prepare a strategic arms reduction treaty in time for their next summit meeting, expected in May or June in Moscow.

That will be "complicated," Mr. Obukhov said Friday. He added, however, that "given a constructive approach on both sides it is well within the power of the two delegations" to come up with an accord.

U.S. American and Soviet officials said privately that the job would be enormously difficult and perhaps impossible because of formidable verification problems as well as the SDI issue.

The INF accord dealt only with elimination of ground-based medium- and shorter-range missiles. (Reuters, UPI)

WORLD BRIEFS

China's Birth Control Plans Falter

BEIJING (WP) — China's birth control program is faltering because of ineffective enforcement and strong resistance from farmers, and measures will be needed, according to an official report obtained Friday.

The report prepared by Chang Chongxuan, vice minister of the state commission on family planning, indicates that the one-child birth control program is in trouble. It says that despite renewed efforts last year to bring births under control, population growth has surpassed planned quotas for two straight years.

Experts say that at its current rate, China's population will reach 1.2 billion by the end of this century. That means 84 million more people than planned for under the government's targets. Mr. Chang's report was prepared for presentation to family planning directors attending a weeklong meeting that is to open in Beijing on Saturday.

Arizona Governor Accused in House

PHOENIX, Arizona (AP) — A special investigator said Friday in the Arizona House of Representatives that Governor Evan Mecham had deliberately concealed a \$350,000 campaign loan and had used public funds for his personal gain. However, he did not make a recommendation on whether Mr. Mecham should be impeached, saying that lawmakers might reach conclusions either for or against such action.

The special counsel, William French, said he had reached "the very clear and disturbing conclusion that Governor Mecham set out to keep the existence of the loan" a secret.

The House is expected to debate next week whether to impeach the Republican governor, who also has been indicted and faces a campaign for his recall.

Iran Exile Vows to Continue Activity

PARIS (AP) — Massoud Rajavi, leader of Mujahidin Khalq, a leftist group that opposes the government of Ayatollah Ruhollah Khomeini in Iran, denied Friday that his group had promised to end political activity as a condition for the return of some of its members from Gabon, where France expelled them last month.

In a message from his exile headquarters in Baghdad, Mr. Rajavi said his group would obey French laws but would continue organizing armed resistance within Iran. He disputed an assertion by Prime Minister Jacques Chirac of France that the group had "pledged to do nothing" in France that would be of a nature to destabilize foreign countries, and notably Tehran.

France expelled 14 Iranians and three Turks to Gabon on Dec. 8. They began a hunger strike, joined by sympathizers in Paris, London and Washington. The hunger strike ended Thursday, when seven of the expelled Iranians were flown back to France and five others and the Turks were sent to Spain, where they are to remain while their cases are considered further. The other two expelled Iranians had refugee status elsewhere, one in Britain and one in Sweden, and they returned to those countries within a few days after the expulsions.

Mubarak Makes Sudden Visit to Iraq

BAGHDAD (AP) — President Hosni Mubarak of Egypt arrived Friday on a previously unannounced visit to talks with President Saddam Hussein of Iraq after concluding a tour of Arab countries on the Gulf, Egyptian Embassy officials said.

The officials said Mr. Mubarak was greeted at the airport by Mr. Hussein and senior Iraqi officials. He was expected to discuss with Iraqi officials the Gulf War, the situation in the region and Arab solidarity.

It was not known whether Mr. Mubarak also would meet with the leader of the Palestine Liberation Organization, Yasser Arafat, who is currently in Baghdad. Mr. Mubarak was to fly to Amman, Jordan, on Saturday.

Heavy Fighting Reported in Angola

LUANDA (Reuters) — Angola said its troops were fighting a 600-strong South African force backed by artillery and armored vehicles around the strategic southeastern town of Cuito Cuanavale.

A Defense Ministry statement, quoted Friday by the Angolan news agency ANGOP, said there was heavy fighting east of Cuito Cuanavale, the Angolan government's main forward position in Cuando-Cubango District.

South Africa said in December it was withdrawing its forces from southern Angola. However, the Angolan government alleges that South African troops are still deep inside the country, attacking government positions and providing support for rebels of the National Union for the Total Independence of Angola, led by Jonas Savimbi.

For the Record

Greek and American negotiators wrapped up a second round of talks Friday in Athens on a new agreement on U.S. bases. A Greek government spokesman said they would meet again next month. (AP)

The private secretary of Leonid I. Brezhnev has been imprisoned for nine years for taking bribes while working for the Kremlin chief, who died in 1982. Izvestia said Friday. The man, Gennadiy Brovinn, held the post for 13 years and had amassed at least 19,000 rubles (\$30,000) in bribes, it said. (Reuters)

President Ronald Reagan left Bethesda Naval Hospital in Maryland on Friday after getting a clean bill of health following his semi-annual cancer checkup. "No polyps, no problems," said the White House spokesman, Marilyn Fitzwater. (Reuters)

TRAVEL UPDATE

Turkey has called for bids for the fifth time in 10 years to provide a nationwide civilian air control radar system, officials said Friday. Contracts have been canceled four times since 1978. The last was a \$65-million deal awarded to the French electronics group Thomson-CSF that was canceled in July. (Reuters)

Service on the Paris Métro will be disrupted Tuesday by a one-day strike. The work stoppage was called by the General Confederation of Labor, which cited a list of complaints. (UPI)

Sean MacBride, Irish Statesman, Is Dead

DUBLIN — Sean MacBride, 83, an Irish revolutionary who became a statesman and campaigner for human rights and disarmament and who was the only person to be awarded both the Nobel Peace Prize and the Lenin Peace Prize, died Friday.

Mr. MacBride, one of Ireland's most noted constitutional and criminal lawyers, had been ill for a short time and died at his home in Dublin.

He was a man of many faces: a youthful fighter with the Irish Republican Army, a former foreign minister, a co-founder of the human rights group Amnesty International and a former assistant secretary-general of the United Nations.

In his later years, he was chairman of the Geneva-based International Peace Bureau, where he was devoted to the cause of disarmament and ending what he called "this absolutely obscene arms race."

Mr. MacBride was the son of two

Iranians Attack 2 More Ships, As Do the Iraqis

MANAMA, Bahrain — Iran attacked two ships in the Gulf on Friday, blasting one with rockets and machine-gun fire, shipping officials said. Iraq also reported two new raids on tankers.

The Iranian raids on the 13,524-ton Norwegian-flag Igloo Espoo and the Liberian-flag tanker Atlantic Charisma were the fourth and fifth of the week in the "tanker war." There had been a nine-day lull in tanker attacks.

Iranian warships raided the Atlantic Charisma off Dubai, and the vessel put out a mayday call, according to Lloyd's Shipping Intelligence Unit in London. Shipping executives said the vessel later radioed that it had suffered little damage and needed no assistance.

The Iraqi press agency said Iraqi warplanes "scored accurate and effective hits" off the Iranian coast on two "large naval targets," usually a reference to oil tankers.

In 1977, prompting the French newspaper Le Monde to offer a fitting epitaph for Mr. MacBride — "A humanizer who remained a revolutionary." (AP, Reuters)

Carlos Rangel, 58, Journalist and Author

CARACAS (AP) — Carlos Rangel, 58, the journalist and author who was one of Latin America's most articulate conservative intellectuals, died Thursday night.

The family did not provide information regarding his death, but sources close to Mr. Rangel said he had committed suicide. They said he had suffered recently from a severe depression.

He was well known throughout the world for his rejection of political arguments blaming the United States and the rest of the industrialized world for the problems of developing nations. His first widely distributed book, called "The Latin Americans" in its English edition, criticized the Latin American tendency to blame the United States for most of its problems.

Mr. MacBride founded his own leftist Republican Party in 1946 and served as Irish foreign minister from 1948-1951. But despite his international reputation, his political career at home had been moribund since his party collapsed in 1965.

He was a signer of the 1950 European Convention for the Protection of Human Rights, helped to found Amnesty International and drafted the initial statute of the Organization of African Unity.

Mr. MacBride and former Prime Minister Eisaku Sato of Japan were jointly awarded the 1974 Nobel Peace Prize, with the Irishman being praised for his "efforts to build up and protect human rights all over the world."

The Lenin Peace Prize followed

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Seoul Says 'Mayumi' Trained Years for Mission

SEOUL — South Korean interrogators say the woman first known as "Mayumi" is a secret agent trained for seven years by North Korea in sabotage, deception and murder.

They say the mission of Kim Hyun Hui, 26, ended in November with a midair explosion killing all 115 people aboard a South Korean airliner.

South Korean security officials, whose allegations could not be confirmed, gave this account of Miss Kim's background, training and sabotage mission:

They said her clandestine work began in 1980 when she was at a foreign-language college in Pyongyang, the North Korean capital.

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KOREA: Airline Bombing

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SPAIN: Withdrawal of U.S. Jets Is Viewed as a Serious Political Setback

WASHINGTON — Most school principals and superintendents in the United States are well-paid white men, even in inner-city districts with predominantly minority populations, according to a national study financed by the Department of Education.

In a survey of more than 3,000 public school administrators, the National Center for Education Information found that overall, more than 95 percent of the superintendents and 76 percent of the principals were white males.

In inner-city school districts, 58 percent of the superintendents and 60 percent of the principals are white males.

White Men Head Most U.S. Schools

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ISRAEL: 70 Reported Injured in Temple Mount Riot

TEL AVIV — At least 70 people were injured in a riot in the Old City streets of Jerusalem on Friday, police said. The riot broke out in the Temple Mount area, a site of religious significance to Jews, Muslims and Christians.

Protesters burned tires and threw rocks near the apartment recently rented by Trade Minister Ariel Sharon.

As the initial clash broke up in the tear-gas attack, several men took refuge in the Dome of the Rock, witnesses said. There were reports that the police broke through the door of the mosque.

The police said that at one point, protesters grabbed a pistol from a police officer and fired it into the air before throwing it away. Reporters saw one man, later identified as a plainclothes officer, being carried off unconscious by the police. Several uniformed officers were seen limping.

Doctors at Mokkased Hospital in East Jerusalem said they had treated about 70 Palestinians, mostly for the effects of tear gas and clubbing.

Arab merchants in the Old City and along the main Salah-al-Din

TORIES: Thatcher Majority Is Cut in Secrets Bill Vote

LONDON — The debate took place Friday on the second reading of Mr. Shepherd's bill, an intermediate stage in the legislative process. Critics of the imposed whip argued that Mrs. Thatcher could easily have allowed the bill to pass into the committee stage and then let it quietly die in favor of the government's own upcoming legislation.

Mr. Shepherd's bill, sponsored by 11 multiparty backers, would have revised Section 2 of the act, which makes it a crime for any government employee, in any capacity, to disclose any information whatsoever, for any reason, without authorization. The act provides no legitimate defense for such leaks, whether or not the information released was harmful, and cites both the leader and the publisher of the material.

It is generally agreed that the law is too broad to be effective. At the same time, critics in recent years have rejected the government's efforts to use it against what they have perceived to be legitimate "whistle blowers."

Among its provisions, the Shepherd bill established six categories of national security in which possible violations could occur, and imposed the burden on the government to demonstrate that "serious injury" to the state has resulted from unauthorized disclosure of information.

It also established for the first time a legitimate defense based on the public interest for intentionally breaking the secrecy law, as well as a medical defense for anything that already had been published abroad.

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Told President Concern Over Regan Con...

AMERICAN TOPICS

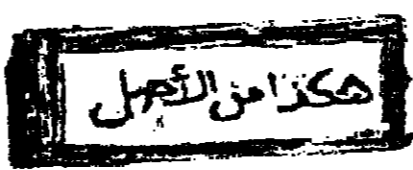
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Bush Told President Of Concern Over Iran Deal, Regan Confirms

By Gerald M. Boyd
The White House confirmed today that President Ronald Reagan was told by Vice President George Bush that he had reservations about the arms deal with Iran.

Mr. Bush, who was campaigning here this week, has refused to discuss the private counsel he provided the president. But he has said that in a meeting with other members of the administration about the agreement of a third nation in the arms sales and the potential danger if the secret policy were revealed.

Mr. Regan's spokesman, Thomas C. Dawson, said that the reservations, as recalled by Mr. Regan, were generally about the involvement of Israel and about the dangers that existed in the covert operation being public.

It was the first independent statement by a member of the president's inner circle that supported Mr. Bush's description of a key member of his role in the Iran-contra initiative: whether he voiced reservations.

Mr. Bush's rivals for the Republican presidential nomination have repeatedly questioned the vice president's involvement in the arms sales to Iran. The profits of the sales were diverted to the Nicaraguan rebels, known as contras.

Mr. Dawson said that Mr. Regan "definitely recalls several occasions in which concern was voiced through the vice president to the president in his presence." He said Mr. Regan was prepared to issue a public statement to that effect.

Mr. Dawson said, however, that Mr. Regan was uncertain when Mr. Bush had voiced his concerns, although some came around Jan. 7, 1986.



Darin Leroy, a Wayne State University student, tried to control the crowd pushing to enter a caucus near Detroit. Other Republican caucuses in Michigan were disrupted by disputes among delegates.

after nearly a week of questions about Mr. Owen's handling of Elizabeth H. Dole's blind trust. The Washington Post reported.

The questions centered on his role as the trust's financial adviser in 1986 when it bought and sold an office building in suburban Kansas City, Kansas.

On Thursday, Mr. Owen again declined to explain the transaction, citing restrictions imposed by the terms of the blind trust. Because of those restrictions, no one affiliated with the trust has revealed whether the trust or individuals associated with Mr. Dole benefited from the complex deal.

In announcing his decision to "temporarily suspend my activities on the campaign," Mr. Owen said: "At no time, under any circumstances, did I discuss the transactions of that trust with either the senator or Mrs. Dole."

Campaigning in Iowa, Mr. Dole said of Mr. Owen's decision: "That's good. We don't need that in this campaign. In our campaign, if there is an appearance of bad judgment or misjudgment, or somebody has a problem, I think you should just step aside."

Arias Says Time Running Out

On Eve of Summit, He Cites Recalcitrance by Sandinistas

By William Branigin
Washington Post Service
SAN JOSE, Costa Rica — On the eve of a Central American summit meeting to assess compliance with a peace plan he initiated, President Oscar Arias Sanchez said that his regional neighbors have failed to comply with the plan and he warned that time is running out for an alternative to continued war in the area.

Mr. Arias blamed a lack of "political will, tolerance and flexibility" for failure to end guerrilla wars in Nicaragua, El Salvador and Guatemala. He said his immediate aims at the summit meeting would be to restart cease-fire talks between warring parties and to obtain further steps toward "democratization" from the Sandinist government in Managua.

"I want to persuade my colleagues that we must act now," Mr. Arias said Thursday. "There is not a single minute more to lose."

Mr. Arias and the presidents of Nicaragua, El Salvador, Honduras and Guatemala were scheduled to meet in San Jose on Friday to evaluate the peace agreement they signed Aug. 7 in Guatemala.

They are to receive a report from the International Commission for Verification and Follow-Up, which monitors the signatories' compliance with the peace plan's provisions for amnesties, cease-fires, democratization, cessation of aid to rebel forces and ending of the use of one nation's territory to attack or destabilize another.

Mr. Arias's comments came amid indications that pressure is building on the Sandinistas to make major new moves that would give impetus to the peace plan before the U.S. Congress votes next month on renewed funding for the Nicaraguan rebels, known as contras.

Senator Christopher J. Dodd, Democrat of Connecticut, and other opponents of contra aid have told Sandinist leaders that a stalemate peace process will strengthen the hand of the Reagan administration in seeking more aid for the rebels.

Mr. Dodd said in San Jose that during a visit to Managua this week he had detected a softening of the Sandinists' long-standing refusal to hold face-to-face negotiations with contra leaders. But he said that "more substantive, irreversible measures" such as a broader amnesty, were needed to achieve peace.

A U.S. senator critical of the Sandinistas, Phil Gramm, who is also in San Jose, said that "every one realizes that the Sandinistas have made a mockery of this agreement." The Texas Republican said a letter sent to the Nicaraguan president, Daniel Ortega Saavedra, by Mr. Arias on Wednesday clearly laid out Sandinist "noncompliance" with the peace accord.

Mr. Arias said Thursday, "I believe that we all realize that the alternative to the peace plan in Central America if we fail is the continuation of war. This is the last opportunity if we want to comply, because there are many people interested in burying this plan so that war will be the only option." He did not say who he believed was trying to scuttle the peace plan.

"If we had complied already," Mr. Arias added later, "there would be no more war in the region and the superpowers would not be thinking of more aid to the rebels. In a way it has been our fault. There hasn't been the political will to comply. We have found excuses not to comply."

"If Nicaragua had complied," he added, "no one would be thinking of more aid to the contras." The peace plan called for the signatories to reach full compliance simultaneously by Nov. 5, but that deadline was postponed until early this month.

So far the main achievements under the peace accord have been truce talks between the governments of El Salvador and Guatemala and their rebel forces; indirect contacts between Nicaragua and the contras; and a new amnesty in El Salvador; the release of some political prisoners in Nicaragua and a loosening of restrictions by the Sandinistas on their domestic opponents.

However, no lasting cease-fires have been negotiated.

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U.S. Holiday 'To Let Freedom Ring' Finds a Place

By Lena Williams
New York Times Service
WASHINGTON — When Congress approved a holiday to honor the Reverend Martin Luther King Jr., many who had fought for passage of the bill privately feared it might produce no more than another three-day weekend. Backers of the holiday also believed it would take years to become widely accepted.

But as the country prepares to observe its third King holiday on Monday, there are signs that it is establishing its place on the calendar. While there are those who see it as simply an opportunity to enjoy a day off, or as a holiday for black people, Americans across the country are expected to mark the day with ceremonies and activities intended to evoke King's vision of a nation free of prejudice and violence.

In San Jose, California, 6,000 people are scheduled to board a Freedom Train to San Francisco for a King celebration. In Idaho, which does not recognize the day as an official holiday, hundreds of state workers are expected to take part in a service at the state capitol.

Governors in all 50 states will ring reproductions of the Liberty Bell in keeping with the annual theme of the holiday: "Living the Dream: Let Freedom Ring."

"It's become a holiday movement," Coretta Scott King, King's widow, said last week. "There's much greater involvement than we thought would happen."

Some of the planned activities, however, are focusing on public issues and disputes. Thousands of people are expected to march in Phoenix, Arizona, on Monday to demand that Governor Evan Mecham reverse his decision revoking the holiday on the ground that it had not been authorized by the state legislature. In New York City a group of black clergy voted last week not to invite Mayor Edward I. Koch to his memorial service, accusing the mayor of heightening racial tension. They later reversed their decision.

Last year three more states have adopted the holiday, bringing the total observing it to 43; the 7 states that do not are Arizona, Hawaii, Idaho, Montana, New Hampshire, South Dakota and Wyoming. Although Congress cannot mandate the holiday nationwide, most of the participating states observe the holiday in conformance with the federal government, on the third Monday in January; a few have designated Jan. 15, King's birthday.

While the King holiday was approved by Congress in 1983, the first bill proposing King's birthday as a holiday was introduced by Representative John Conyers Jr., a Michigan Democrat, on April 8, 1968 — four days after King was assassinated in Memphis, Tennessee. Opponents threatened to filibuster, citing allegations that King had ties to the Communist Party.

President Ronald Reagan also objected as the battle for the holiday continued, saying the country could not afford to honor all of its heroes. It costs the federal government about \$4.3 billion to give all full-time workers the day off. Mr. Reagan favored a day similar to Lincoln's birthday, which is not a federal holiday.

AMERICAN TOPICS

The Rise and Fall Of Class-Action Suits

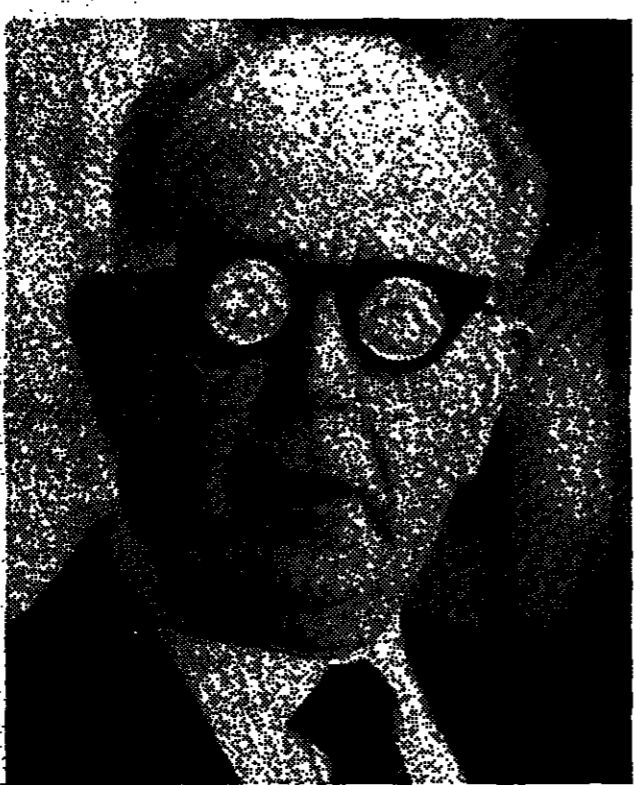
The class-action lawsuit, rooted in medieval English law and all the rage of the American legal profession in the 1970s, appears to be fading. The New York Times reports. In 1975, 3,061 class actions were filed in federal courts. By 1980 the number had dropped to 1,568. In the year ended June 30 there were 610.

Class actions allow a large group of "similarly situated" plaintiffs to combine similar claims in a single suit. They had what many considered their finest hour in 1954 when the Supreme Court decision in Brown v. Board of Education in Topeka, Kansas, desegregated American schools. They surged with the loosening of rules governing them in 1966. Fees were high, and there seemed no end to what they might accomplish. Indeed, Roe v. Wade, the milestone 1973 decision permitting abortions, was a class action, as was the landmark sex-discrimination case in 1977 in which flight attendants won the right to continue working after marriage. So were many consumer protection suits.

Experts say the momentum has reversed because court decisions have limited the use of class actions, judges are more stringent about certifying plaintiffs as a class and use of the courts as a vehicle of social change has subsided. And crucially, it is fees that judges permit lawyers to collect in class-action suits that have shrunk.

Short Takes

Thousands of books have been written about New York, but no single reference work for the entire city. To remedy this, a 2,000-page Encyclopedia of New York, covering the city's history, demographics, commerce, industry and biographies of notables from Peter Stuyvesant to Mayor Edward I. Koch is being jointly sponsored by the New York Historical Society and Yale University Press. It will be published in 1991. "I don't know why anybody thought of it before," said Edward Tripp of the Yale press.



THROUGH A ROSY HUE — Governor William D. Schaefer of Maryland donned comic glasses for photographers just before he delivered his State of the State address at the State House in Annapolis. The Democrat transformed what is usually a staid ceremony into a colorful, personal talk that was devoid of formality. His speech received more laughter than applause.

guess New Yorkers are too busy doing other things."

A new California law requires dogs and other pets being transported in open trucks to be adequately restrained — cross-tethered, kept inside a strapped-down cage or within side rails at least 46 inches (1.18 meters) high. With small pickup trucks ever more popular, Edward Cubrta, director of the Los Angeles humane society, said 100,000 dogs were flung from U.S. truck beds and killed last year. Mr. Cubrta noted, "If a dog is tossed out, it could cause a 15-car pileup, not to mention killing the dog and possibly severely injuring humans or killing them."

The Chefs de France restaurant at Disney World's futuristic Epcot Center in Orlando, Florida, features a mezzanine roof, sidewalk cafe and a footbridge across a simulated Seine. Three renowned French chefs run the place and share profits with Disney. Paul Bocuse, who owns a

namesake restaurant near Lyon; Roger Vergé of Moulin de Mougins in Cannes; and France's premier pastry cook, Gaston Lenotre. They visit the restaurant periodically. Prices are moderate, \$11-\$17 for lunch, \$30-\$25 for dinner. The menu includes escargots, pâté, onion soup, bouef bourguignon and profiteroles. The New York Times reports that the food "is at best satisfying; much of it has an institutional taste."

Police in Brunswick, Maine, have been ordered to stop saying "Have a nice day." Deputy Chief Richard Mears said the remark is usually preceded by a traffic ticket, and has the same effect as "throwing gasoline on a hot fire or rubbing salt in a festering wound." Chief Mears suggested alternatives, such as "Hope you don't see me again" or "Sorry, better-luck next time." The chief ended his memo to the 40-member force with: "In the meantime — from the bottom of my heart — have a nice day."

Sakharov Meets With Gorbachev

The Associated Press
MOSCOW — Andrei D. Sakharov, the Soviet physicist and dissident, met with Mikhail S. Gorbachev for the first time on Friday and presented the Soviet leader with a list of 200 political prisoners he wants freed.

Mr. Sakharov is one of 30 board members for the International Fund for the Survival of Humanity, a private research group created at a meeting in Moscow earlier Friday to direct studies on problems posing a threat to mankind, such as the arms race, pollution and hunger.

Mr. Sakharov later said that it was the first time he had spoken to the Soviet leader since Mr. Gorbachev telephoned him in Gorky to say he would be allowed to return to Moscow after a seven-year exile. "He is a man who is open to frank discussion and one who is able to understand and listen to the opinions of his interlocutors," Mr. Sakharov said. "I have a great opinion of Gorbachev as a government figure and in personal terms."

Mr. Sakharov, who returned to his Moscow apartment and to his post as a physicist in December 1986, said he had made a "presentation" to Mr. Gorbachev during the Kremlin meeting but that he did not want to discuss the details. Armand Hammer, the American industrialist, who attended the meeting along with other members of the fund's board, said Mr. Sakharov presented the Soviet leader with the list of political prisoners. Mr. Hammer said he did not know the names of those Mr. Sakharov was seeking to free.

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INTERNATIONAL **Herald Tribune**

Published With The New York Times and The Washington Post

Black-Market Bonuses

The black market, long thought the enemy of Third World economies, may instead indicate their surest path to development. So argues Hernando de Soto, an iconoclastic Peruvian economist whose ideas have begun to attract interest in Latin America and beyond.

Years of state intervention and regulation have not produced modernization and affluence, but a bureaucratic obstacle course. This, in turn, has driven some of society's most productive individuals into what he calls the informal economy. More commonly, it is called the black market.

Why Launch a Palace?

The space station that NASA wants to build is a luxury sky hotel with a sky-high price tag, now at \$32 billion. The Congress has at last decreed that the agency should also consider supporting a much smaller, privately operated space station costing a mere \$700 million and which could do many of the same things. NASA seems perturbed that Congress may next wonder why it needs a palace in space if a mobile home would do nearly as well.

way, apparently preferring hardware to results. If cheap access to space had been the agency's top priority, it could have pressed long ago to reduce the cost of launching payloads from the present \$3,600 per pound to \$400 per pound, a project the air force and NASA have just begun.

What Johnny Can't Write

The rights of children in school, the Supreme Court has said, "are not automatically coextensive with the rights of adults in other settings." Some distinctions are obvious. Children cannot vote. In most cases they cannot marry without parental consent. They cannot hold public office. But in one important area, First Amendment rights, there is no clear distinction between protections accorded adults and those enjoyed by youngsters.

In upholding the principal's position, Justice Byron White, writing for the 5-3 majority, distinguished between a school's obligation to tolerate particular student speech and its obligation to promote such speech, in effect by subsidizing it and circulating it under the school's imprimatur.

Other Comment

Advising Israel, Passionately

(Europeans and Americans should) tell Israel that, if Palestinians prepared to do business with Israel stay in command of events in the occupied territories, Israel must be prepared to do business with such Palestinians. A policy of permanent occupation is not only corrupting for Israel. It will cost

Israel the rest of its friends in the West. Israel's men of compromise will best be reinforced if a string of Western presidents and prime ministers privately but passionately spell out the obvious. An Israel that rejects peace with willing Arabs will slowly decline into a lonely Sparta, waiting for time and demography to bring the end.

East-West Competition Could Benefit Us All

By Flora Lewis

LONDON — Mikhail Gorbachev has openly admitted that his system failed to deliver on its promises and no longer appeals as a model. Scarcely news in the West, but it is a signal of great importance in the East.



Back Home, Gorbachev Still Has Some Selling to Do

By Jim Hoagland

PARIS — Mikhail Gorbachev, Washington's Guest of the Year in 1987, is back at the grindstone in Moscow urging the Soviet media to shape up and push perestroika. His need to do so a month after his road-show success in America brings us (and him) back to the central reality of Soviet leadership, which was obscured by the glitter and glare of the Washington summit.

direction from Mr. Gorbachev, but he would like to get there much slower and without upset. Mr. Ligachev visited Paris on the eve of the Washington summit meeting and revealed in an interview that he had a different view of Mr. Gorbachev, chairing the meetings of the Central Committee's all-powerful secretariat. Mr. Ligachev repeated this when asked the same question at a press conference here Dec. 4.

But when Mr. Gorbachev called senior editors and cultural figures together recently in the Kremlin, the divided nature of his power at home was again on display. Hovering at his elbow during this ideological pep talk was Yegor Ligachev, who has emerged in recent months as both Mr. Gorbachev's main partner in the Politburo — and the only clear alternative to him.

But he adds that "Number One can choose his own Number Two, he cannot have unchallenged authority." Mr. Gorbachev will achieve that only when he puts Alexander Yakovlev, his closest Politburo ally, in the second spot. Watching Mr. Ligachev conduct a press conference in Paris and then witnessing Mr. Gorbachev perform the same task in Washington a few days later in December left me with a sense of two very powerful, self-assured men who are in complete agreement on foreign policy, have reached general agreement on the need for urgent administrative reform and a shake-up of the stultified Soviet economic bureaucracy, and are only in limited agreement over the wisdom of glasnost and democratization at home.

revolution in 1917 and the rise of socialism. There is something to this. Democratic states, obliged to respond to the will of their electorates, did temper capitalism so as to provide for social needs, labor rights, a modicum of welfare. Not the free market alone, but that capacity for reform and adjustment, propelled them so stunningly far ahead of communism's results.

It would be absurd to lose sight of this now. The West's dramatic success has been not only in the production of goods and services but in the concern it can show for its people. There were excesses and flaws in developing the restraints society imposed on capitalism. The rise of the right corresponded to a felt need to correct them. But the new economic problems, which must not be allowed to reach crisis, make the choice of how far to go more critical.

Even the Communists — especially the Chinese — have come to see Marx's "class struggle" as a false and debilitating approach to the endless process of society's development. Slipping back into the circumstances that provoked the idea that it was the key to the future would be mindless and self-defeating. The United States must not forget that the source of its strength lies in its capacity to include people from various levels of its society, not in accepting drawn lines.

A new, or rather revived, competition between Communists and the West on social and economic terms would be good for everybody. And the West can be confident, as long as it preserves the will and ability to attend to the needs of its own people.



Drawings by EWK in Affonkedi (Stockholm), CAW Syndicate.

Elections in Haiti: The OAS Has a Duty to Intervene

By L. Ronald Scheman

WASHINGTON — When the people of Haiti go again to the polls on Sunday, it will be a major test for the nations of the Americas and for the Organization of American States. The Charter of the OAS, a binding international treaty, spells out clearly the intent of the association to build a hemisphere in which the people of each nation can live in freedom and democracy.

hemisphere. No one had clean hands. Yet the countries pretend to look on with horror at the OAS's doing the same thing on a collective and constructive basis. The OAS Resolution of Nov. 29 calling upon the Haitian government to "restore the democratic process" but affirming the duty of the American nations "not to intervene, directly or indirectly" in the internal affairs of Haiti was a carte blanche for murderers and thugs.

The West Should Snub the Vote

By Louis Dejoie 2d

The writer, a presidential candidate of the National Agricultural Industrial Party, is in the United States to seek support for a boycott of the Haitian election.

WASHINGTON — The army-dominated provisional government of Haiti will attempt to herd voters to the polls Sunday to elect a president under the threat of a \$200 fine and imprisonment. The election, if it takes place, will violate the constitution passed only last March.

Such a regime will merely disguise a return to the kind of dictatorship that has long dominated Haiti. A similar policy by the army in 1957 deprived my father, Senator Louis Dejoie Sr., of the overwhelming vote he obtained and put François Duvalier in power.

It is likely that only a minority of Haitians will turn out. Nevertheless, the military regime surely will claim that a majority voted. The regime hopes to legitimize army control of the country and continue to operate it through a puppet president.

The inter-American system cannot afford such a double standard. Hemisphere policy has become stymied in the most vital area: a coherent hemisphere policy designed to favor democracy and to isolate dictators who clearly have usurped power.

Haiti is a good place to begin to rectify the damage. In its case, there is no ideological dispute with which to contend. To seek refuge in legalistic interpretations while a nation cries out in anguish makes a sham of the spirit and intent of the inter-American commitment.

A period of relief is needed in Haiti to give self-governing institutions a chance. The inter-American community, collectively, is the only one that can provide it. Appropriate policy calls for a declaration that any government taking office in the election, Sunday will not be recognized by other American states and that new elections must be called under inter-American supervision and inter-American guarantees.

Not to act on Haiti would be an error of historic proportions. In such a case, coming after inaction in Central America and the debt issue, it would become increasingly difficult for the OAS to justify its existence.

For Afghans, A Second Motivation

By A. M. Rosenthal

ISLAMABAD, Pakistan — The Afghan resistance movement has achieved one historic victory and is fighting hard for another. In the first battle, it defeated the Soviet attempt to colonize Afghanistan. The second struggle, just started, is for Afghans themselves to determine the political future of their country, and when the Russians pull out, the Afghans say they will fight on forever to achieve the second victory. No body thinks they are bluffing.

From America, the Afghan resistance seemed complicated and obscure. It seemed to be splintered, full of feuds and feuding, led by leaders with conflicting ambitions and full of

intensities and tribal loyalties almost incomprehensible to Western minds. It looks different closer up, in this capital of Pakistan, which for a decade has given refuge to millions of Afghans. And it looks different even closer still, in the Pakistani frontier city of Peshawar, where the political leaders of the major groups work out of barren offices and refugee camps.

And it begins to become much clearer that there were two inseparable motivations for year after year of fighting, suffering and dying. One was to drive the Russians out. The other, just as strong, was to wipe out any power of the Afghan Communists.

In Peshawar, the frontier and the war beyond are an hour's drive through the Khyber Pass, where for generations each house and village in the rock-hills have been built the forts against the marauders. The seven major Afghan resistance groups are headquartered there, an alliance usually restless. Right now they are united on two things: The Russians must go, and they must take the Afghan Communist leaders with them, at least those who want to live.

General Zia is respected by the Afghan fighters. His country, poor and troubled, took on three million Afghan refugees and shared what it had with them. Few countries have done as much for refugees as Pakistan.

General Zia hopes he can persuade them but does not think they are just bargaining. The resistance has power. If a peace is imposed that it does not like, the war will go on, the refugees will remain, the burden for Pakistan will increase. He knows it, the Americans know it, the resistance knows it. Up close, the resistance seems utterly convinced that it will determine the future of Afghanistan itself and that it will be a future without Communists, Afghan or Soviet. It has some feudal beliefs and one very modern one: Small countries can outwit and sometimes outfight the big ones and if they do, they are entitled to decide their own fate.

1938: The Soviet Navy MOSCOW — An invisible Russia with a navy second to none was demanded by Vyacheslav Molotov, Soviet Premier, in an address [on Jan. 15] before the first joint session of the Supreme Soviet, Russia's new parliament. Naval building by the Soviet Union is compelled by the naval armaments race because of Japan's building program, Mr. Molotov said. "We shall continue to add faster and bigger units to our navy," he said.

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FACT: Surprise Friday's OTC Prices

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ARTS / LEISURE

Reform of French Art Market

PARIS— Things are moving fast on the French auction scene, where a drastic updating of the obsolete system is about to take place.

Signs of a desire for change have multiplied in the last two months. Drouot is now publishing its own record of the season's sales.

Major Old Master paintings, sculpture, medieval art and furniture have been coming out of the woodwork since mid-November.

Earlier in the Kirov's Paris season, a succession of "Swan Lakes" offered opportunities to take the measure of some of the dancers seen earlier.

The sensation of the fall in the way of Old Masters was a hitherto unrecorded painting by the Utrecht-born Dutch artist Dirck van Baburen.

Nicolay Couturier partnership were also unrecorded until now. As the experts Roland de L'Eppe and Jean-Marie Fraquin show in a superbly documented entry, they are bronze reductions of Charles André LeBrun.

Within half an hour, an equally astonishing feat was accomplished in the field of sculpture. The two bronze groups auctioned by the



Detail from "The Death of Uriah," by Dirck van Baburen.



Fernand Léger's "Le Garçon de Café" sold at Drouot.

form groups of a new kind, one called "Paris Auction" and the other "Groupement de Commissaires Priseurs." These are far from being integrated teams but they pool some of the merchandise that each auctioneering partnership or, in some cases, individual auctioneers, would be selling "single-handed."

It was a typically Parisian sale, with several works from old collections that had not been in the market for decades.

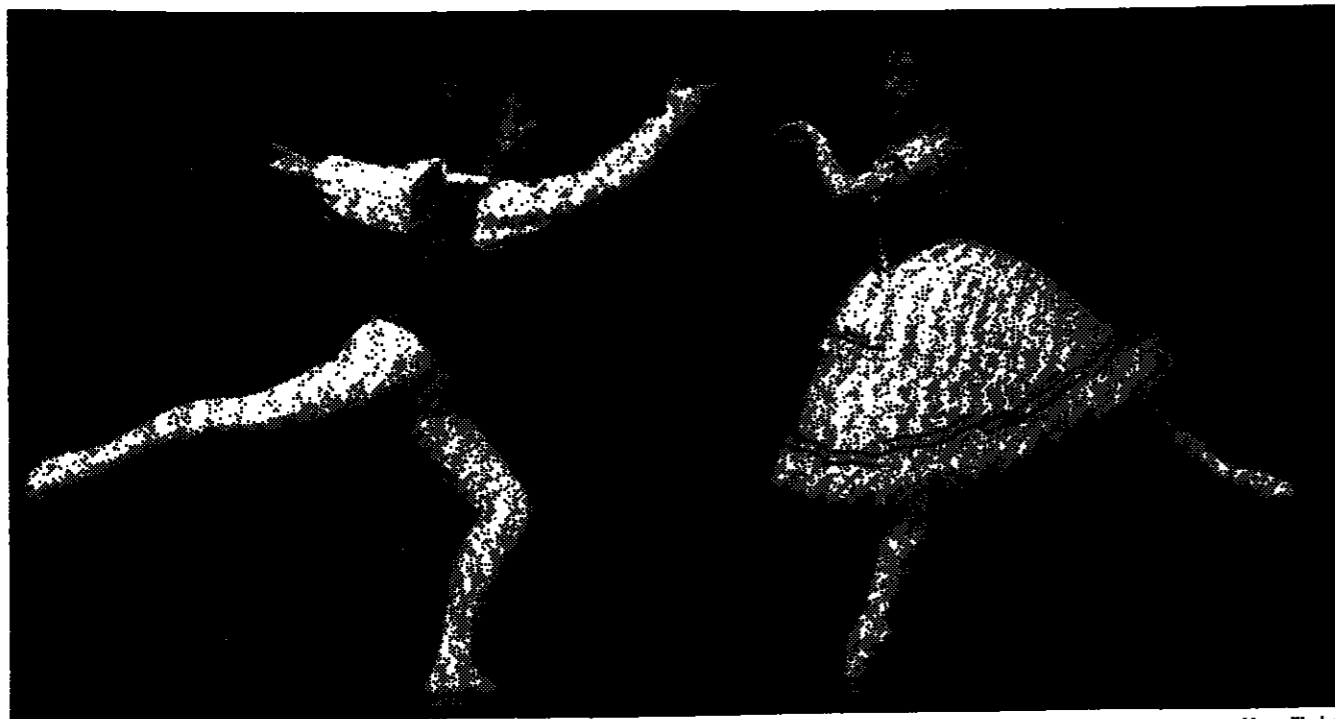
The 198-million-franc Rembrandt sale may have further encouraged some auctioneers to produce some rather more lavish catalogues than is customary.

To have an all-color catalogue for such a sale was a courageous step, which paid off.

My guess is that not all eyes will agree to be united, however. The leading auctioneering partnership, Ader Picanol Tajan, which organized a highly successful Impressionist and Modern Master sale on Nov. 22, two days after the Rembrandt auction, would be reluctant to renounce its identity.

The outcome would probably be two main groups, with Loussier cast as the Odd One Out, a role that suits him. And France would, for the first time since the late 1950s, be in a position to challenge the quasi-monopoly enjoyed on the international scene by the two London-based auction houses.

But the fact that it happened opened the eyes of many to the advantage of collective action. It probably precipitated the decision taken by some Paris auctioneers to



Alexander Luncv and Veronika Ivanova as Albrecht and Giselle: the Kirov's young soloists gave a beautifully lyrical performance.

The Kirov's Dazzling Giselles

By David Stevens

PARIS — The Kirov Ballet's eight-week season here, with a wide range of repertoire and talent that drew dance enthusiasts and professionals from great distances, ended with a dazzling display of strength.

Use of guest stars on tour is almost unheard of for a troupe like the Kirov, but then the husband-wife team of Yekaterina Maximova and Vladimir Vasiliev — stars of Moscow's Bolshoi for almost three decades — are worth making an exception for.

Not a few in the Paris audiences came from North America, drawn by what could well be the last chance in the West to see Maximova and Vasiliev, now in their late 40s, dance these roles long associated with them, and in the context of a handsome production and a great company.

The final week also brought a

artistic maturity. Maximova remains a great Giselle, girlish and touchingly simple, while Vasiliev was his invincibly heroic self, a noble and passionate Albrecht and formidable in technique.

The following night the Kirov boldly offered two of its young dancers in the leading roles, and the result was not only a promising glimpse into the future, but a beautifully lyrical performance on its own terms.

Regardless of who were the principals, the Kirov supplied more than just a backdrop. Tatiana Terokhova and Yulia Makhalina were both regal and dramatically authoritative as Myrtha, Irina Chistiakova and Sergei Vikharev carried off the Act I pas de deux with ease aplomb on both nights, and even the mimed roles of the court hunting party were rich in detail.

The final week also brought a

single performance of Oleg Vinogradov's 1985 full-length ballet "The Knight in the Tiger Skin."

It is a colorful spectacle, thanks in large part to the almost barbaric splendor of Teimuraz Murvanidze's sets and costumes, and somewhat less to Alexei Machavariani's score, whose best moments made energetic use of a wide range of percussion, and whose worst featured syrupy melodic outbursts.

Vinogradov's choreography was complex without being particularly inventive, although the final pas de quatre brought the work to a conclusion that relied convincingly on dance.

The final week also brought a

vocabulary. Faruk Ruzimatov brought an element of primitive wildness to the title role, and Yevgeny Neff gave a strong profile to that of the knight's warrior companion.

Earlier in the Kirov's Paris season, a succession of "Swan Lakes" offered opportunities to take the measure of some of the dancers seen earlier.

The sensation of the fall in the way of Old Masters was a hitherto unrecorded painting by the Utrecht-born Dutch artist Dirck van Baburen.

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Old Masters' Sale Sets U.S. Record

NEW YORK — The Old Master paintings owned by Linda and Gerald Guterman, described as the most valuable such selection ever auctioned in New York, brought mixed results in a sale Thursday at Sotheby's.

Jan Davidz de Heem's elaborate still life of 1649, depicting fruits, foods and precious objects, was purchased for \$2.5 million by Thomas B. Brod, a London dealer.

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Currency

Table with columns for Country, Currency, and Exchange Rate. Includes entries for US Dollar, British Pound, Swiss Franc, etc.

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Handwritten signature: J. P. V. ciol'isa

Statistics Index

Table with 2 columns: Item and Rate. Includes AMEX, NYSE, Dow Jones, etc.

SATURDAY-SUNDAY, JANUARY 16-17, 1988

ECONOMIC SCENE

In Britain, Every Prospect Pleases, Except for Dollar

By LEONARD SILK

LONDON — The British are feeling good about their economy. The latest official forecast of the Treasury, prepared after the October market collapse, put the 1988 growth rate at 2.5 percent. Inflation is expected to remain low. And unemployment, still at the high level of 9.6 percent, has come down from 13 percent and is still declining.

Indeed, as the stock market crash — which was even more severe in London than in New York — has receded in time, government economists have come to believe that the Treasury's November forecast is too low. They are hoping that the British economy can continue to expand at close to its 1987 rate of 4 percent.

Yet the consensus of private economists is that the dollar can and should go even lower.

However, there is one big worry beneath all this good cheer. Robin Leigh-Pemberton, the governor of the Bank of England, said last week in Dundee, Scotland, "It has of course been encouraging to see the strength of confidence reported in the Confederation of British Industry and Department of Trade and Industry surveys, both suggesting that capital spending will continue to strengthen this year."

But that was not the whole story. "Post-crash sentiment, often rather greatly described as 'anecdotal evidence,' appears to tell another story," he said. "If one asks an industrialist how the fall in the stock market will affect him, he may truthfully and accurately reply, 'Not much.' But, on the other hand, if one were to ask how far the appreciation of sterling against the dollar was likely to affect his export prospects or how seriously a slowing of the United States economy and of world demand would affect his markets and his profitability, then the response might be more revealing."

Indeed it is the outlook for the U.S. dollar that heads the worry list of British executives. They hang on the endless stream of bulletins reporting every wiggle in the dollar exchange rates, fearing that decimal point changes may wind up costing billions of dollars. They attach critical importance to the U.S. trade statistics, especially the trade deficit.

But these imperfect trade numbers, uncorrected for seasonal factors, cannot bear such weight. Last year it was a slightly worse than anticipated trade deficit, followed by Treasury Secretary James A. Baker 3d's suggestion that the United States was willing to see the dollar fall, that started the market slide in October, which culminated in Black Monday and wiped a trillion dollars off the value of equities.

By and large — and despite the new Group of Seven accord and this week's announcement by President Ronald Reagan and Japan's Prime Minister Noboru Takeshita of cooperative arrangements to shore up the dollar — the City of London, Britain's Wall Street, is bearish on the dollar.

Its bearishness received a downward thrust from three leading American economists — Martin S. Feldstein and Lawrence H. Summers, both of Harvard University, and Rudiger Dornbusch of the Massachusetts Institute of Technology — at a monetary conference in London this week.

They made it impossible for the United States to regain a sustainable foreign trade and foreign debt position. Mr. Dornbusch estimated that from the December level, a further 15-20 percent

See BRITAIN, Page 11

Why Hoffmann Covets Sterling

Pride Plays A Role With Profit in Bid

By Steven Greenhouse

PARIS — Some analysts say there was a lot of ego behind the decision of F. Hoffmann-La Roche to offer \$72 a share, or \$4.2 billion, to buy Sterling Drug Inc.



A scientist for Hoffmann-La Roche, whose sales are dominated by prescription drugs, growing bacteria on nutrient plates. Human cells are kept alive, right, in a nutrient solution to make interferon.

AT A GLANCE Sterling Drug Inc.

Table with 2 columns: Item and Value. Includes Profit, Sales, Equity, etc.

What's more, Valium, one of the world's most popular ethical drugs and once a cash cow for Hoffmann-La Roche, recently went off patent. Those developments have squeezed Hoffmann-La Roche's profit margins to 5.7 percent, pushing them below those of its two big Swiss rivals, Ciba-Geigy and Sandoz.

In contrast, Sterling is rich in successful over-the-counter drugs, including Phillips Milk of Magnesia, Midol and Bayer aspirin. "These are things that people buy for many years," said Michael Clark, an analyst with Morgan Grenfell Securities in London. "The patent doesn't run out. There is high brand loyalty. But Roche is based mainly on ethical drugs, which depend on a lot of factors: the success of

U.S. Economic Indicators Point to Hesitant Growth

Wholesale Prices Fall A Steep 0.3%

Compiled by Our Staff From Dispatches

WASHINGTON — Wholesale prices plunged 0.3 percent in December, the steepest drop since mid-1986, producing a modest 2.2 percent rise for the whole of 1987, the U.S. government said Friday.

Spurring last month's decrease were sharp declines in prices of gasoline and home heating oil. The drop provides a promising outlook for the U.S. inflation rate.

The December fall, the largest since a 0.8 percent drop in July 1986, followed stagnant price activity in November and a 0.2 percent decline in October.

The gain for the year reversed a 2.3 percent decline in 1986, when oil prices fell sharply.

A selection of goods that cost \$10 in 1967 would have cost \$29.68 as of 1987 ended, compared with \$28.89 at the close of 1986.

The government said that gasoline prices fell 5.2 percent last month after edging up 0.2 percent in November. Gasoline prices for the year were up 20.6 percent.

Heating oil costs fell 5.1 percent after two monthly gains and rose 24.4 percent for all of 1987.

Those declines reflected a 4.3 percent drop in crude oil prices. Natural gas prices last month rose 3 percent, but analysts said that rise could be short-lived now that energy prices are falling again. Natural gas prices fell 4.1 percent for the year.

Prices for automobiles fell 1.6 percent last month after a 2.2 percent slump in November on incentives to dealers by manufacturers.

New 1988 models cost 3.1 percent less last month than 1987 models had in December 1986.

Food prices, meanwhile, fell 1.3 percent in December after rising 0.3 percent in November. For the year, they were down 0.2 percent.

The Wholesale Price Index for consumer goods other than food and energy rose 0.5 percent in December after holding flat over the previous two months. The index finished 1987 2.1 percent higher than a year earlier.

The wholesale price calculation excludes services and imports, arduous of the economy where price

Inventories Up 0.8% in Month And Sales Down

The Associated Press

WASHINGTON — Business inventories shot up 0.8 percent in November, while total sales fell 0.2 percent, the Commerce Department said Friday.

It said that inventories climbed to a seasonally adjusted \$695.5 billion in November. They had risen 1.1 percent in October. Business sales fell to a seasonally adjusted \$461.4 billion in November. They were nearly unchanged in October.

The figures are likely to increase uncertainty about whether the United States can escape a recession in 1988 brought on by a cutback in consumer spending after the Oct. 19 drop in the stock market.

The combination of rising inventories and weak sales pushed the inventory-to-sales ratio up to 1.51 in November from 1.49 in October. That means that it would take 1.51 months to exhaust total inventories at the November sales pace. Analysts said this figure is still low by historical standards.

Increases have been much more rapid, partly because of the falling dollar, than those for U.S.-finished goods and commodities.

The Consumer Price Index, which includes imports and services, is due out Wednesday for December and all of 1987. For the first 11 months of 1987, inflation at the consumer level was running at an annual rate of 4.7 percent.

In its economic forecast released in December, the Reagan administration predicted that consumer prices would rise by about 4.3 percent this year.

Donald Ratajczak, director of economic forecasting at Georgia State University in Atlanta, predicted that wholesale price growth would slow to an annual rate of 2.1 percent this year.

"The surge in inflationary pressures that had been apparent at the crude-material level has subsided," he said. "Perhaps the stock market crash has begun to adversely affect industrial activity."

(AP, Reuters, UPI)

Industrial Production Rises 0.2%

Compiled by Our Staff From Dispatches

WASHINGTON — Industrial production rose for the third straight month in December, up 0.2 percent over November, the Federal Reserve Board said Friday, reflecting greater production of materials and supplies for construction and business.

The December output was up 5.2 percent over the production level a year ago. It was the best annual showing by American industry since a 6.2 percent increase in 1984.

December's production increase, however, reflected slower output growth than the 0.4 percent rise in November and the revised 1.1 percent upsurge in October. The Federal Reserve originally reported that October industrial production was up 0.6 percent and later revised it to a 0.9 percent rise.

The 1986 growth in industrial output, 1.1 percent, was low because of heavy foreign competition. However, the weaker dollar in 1987 made U.S. products more competitive on overseas markets and strong foreign demand helped boost the fortunes of U.S. producers.

Production of durable goods, items expected to last three or more years, edged down 0.1 percent in December as auto assemblies fell by almost 9 percent below the November level, dropping to an annual rate of 6.5 million cars.

However, these declines were offset by increases in the production of home goods, especially appliances, and in nondurable consumer goods. Overall, production of consumer goods was little changed last month.

Production of nondurable goods rose a sharp 0.6 percent in December following a 0.9 percent surge in November.

Among durable materials, production of equipment parts and basic metals other than steel advanced.

Production in the mining sector, which includes oil and gas drilling, rose 0.2 percent in December and now stands 6.4 percent higher than a year ago.

Output at the nation's utilities fell by 0.4 percent following a 0.7 percent increase in November.

(AP, Reuters, UPI)

U.S. Manufacturers Expect Resurgence to Roll On in 1988

By Cindy Skrzycki

WASHINGTON — Manufacturing industries in the United States, some already straining to fill orders, will continue to taste a turnaround in 1988 and reap the rewards of long-term structural changes over the next decade, according to a forecast by the National Association of Manufacturers.

"The strength of manufacturing is the economy's best insurance against a recession in 1988," Jerry J. Jasinowski, chief economist for the association, said Thursday.

Although the manufacturing sector is enjoying a strengthened export market due to the lower dollar and has made internal changes to become more cost-competitive, its resurgence could be interrupted by several negative trends in the economy, the association said.

"While the threat of a recession in 1988 cannot be ruled out altogether," said Mr. Jasinowski, "we are cautiously optimistic that it can be avoided, especially if the health and vitality of the manufacturing sector continue to grow."

The association predicted a slowdown in national economic growth to 2 percent in 1988, resulting in part from fallout from the collapse of the stock market last October and a flat rate of consumer spending. For the first nine months of 1987, annualized growth in gross

national product was 3.7 percent, according to the U.S. Commerce Department.

Though the negative "wealth effect" from the stock market decline has been less than what analysts first predicted, there has been a significant slowing of consumer spending, which was the primary engine driving the economy during the recovery, the forecast said.

But Mr. Jasinowski said, "We don't see consumption falling out of bed." He predicted that rising employment and a \$30 billion boost in after-tax disposable income from tax reform would keep consumer spending aloft.

Demand is expected to fall, however, for goods such as automobiles and housing.

Instead, said Mr. Jasinowski, capital spending and an improvement in trade will carry the economy. "All of our members indicated they had not cut capital spending after the stock market crash, but they all have contingencies," he said, "if the economy should take a sharp turn downward."

The association has forecast a \$40 billion improvement in net export this year, and half of the economic growth it is predicting is expected to come from the trade sector. The association expects the dollar to stabilize in the first quarter and therefore is forecasting "spectacularly good" trade figures for the second half of the year.

Mr. Jasinowski said capacity restraints would not hamstring exports because world and domestic growth will be "sufficiently slow."

He noted, however, that companies have mentioned informally that they had cut capacity and employment more than they realized.

At the same time, some manufacturers are reconsidering where they buy parts and components for manufacturing as the dollar has continued to decline, making U.S. products price-competitive with many foreign sources.

The manufacturing association noted that about a third of imports are industrial supplies and materials, including items such as parts and components.

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Currency Rates

Table with 4 columns: Country, Rate, and Date. Includes Australia, Canada, France, etc.

Interest Rates

Table with 4 columns: Term, Rate, and Date. Includes 1-month, 3-month, 6-month, 1-year.

Key Money Rates Jan. 15

Table with 4 columns: Instrument, Rate, and Date. Includes Discount rate, Fed funds, etc.

Asian Dollar Deposits

Table with 4 columns: Term, Rate, and Date. Includes 1-month, 3-month, 6-month, 1-year.

U.S. Money Market Funds

Table with 4 columns: Fund Name, Assets, and Date. Includes Merrill Lynch Ready Assets, etc.

Gold

Table with 4 columns: Location, Price, and Date. Includes Hong Kong, London, etc.

Many on Street Welcome Limit on Block Trading

Compiled by Our Staff From Dispatches

NEW YORK — New voluntary restrictions on program trading on the New York Stock Exchange are likely to reduce excess volatility, Wall Street traders said.

"It's the beginning of the recognition of the problem," said Dudley A. Eppel, senior vice president for equity trading at Donaldson, Lufkin & Jenrette Securities Corp.

The exchange requested that, for six days beginning Friday, the dozen or so major member firms that engage in program trading — sophisticated strategies that rely on a computer program — refrain from using the exchange's computer system when the Dow Jones industrial average climbs or falls by at least 75 points during any one trading day.

The firms have voluntarily agreed to the experiment, said Richard Torrezano, a vice president of the exchange.

There had been speculation that the Dow would test the limit on Friday, but after rising 60 points, it fell back to close 39.96 higher.

Hugh Johnson, market strategist at First Albany Corp., said, "Any steps that are taken by the exchange, particularly those that are voluntary, to restrict or limit the amount of program trading are healthy."

Action by the exchange "kept the programs out pretty much after the crash" on Oct. 19, said Leigh Stevens, stocks index futures analyst at PaineWebber Group Inc. Restrictions were placed on program trading the day after the record 508-point decline in the Dow index, making it difficult to complete programs.

Mr. Stevens said the controls on program trading also could have prevented much of the 140.59 point decline in the Dow on Jan. 8, the third biggest drop ever.

That fall may turn out to be "the straw that broke the camel's back" because it underscored many big investors' increasingly vocal demands for curbs on programs, he said.

Several market participants said that extreme swings in prices of stocks had scared away many individual and institutional investors, and restrictions on program trading strategies might entice investors back into the market.

"Nobody wants to play now," Mr. Eppel said. "I've been a player all my life, and I don't want to play. We have no control over our destiny."

"Anything we can do to eliminate program trading will provide a better opportunity of restoring the trading place," he added.

But portfolio managers who engage in program trading for their pension fund clients at large institutions said they would likely seek ways to get around the restrictions.

William L. Fouse, chairman of Mellon Capital Management, said that, if the firm was prevented from using the exchange's computer system for stock index arbitrage, it would simply do the trades manually. Mellon uses arbitrage on \$3 billion in assets for more than two dozen pension funds, he said.

Firms that have voluntarily agreed to the experiment include those involved in stock index arbitrage trading both for their own accounts and for institutional customers and firms that use the hedging strategy known as portfolio insurance.

The exchange said that the data from the experiment would be examined by its board next month. It did not identify the firm participating in the experiment, but Wall Street professionals said that they included Morgan Stanley, Goldman, Sachs, Salomon, and Kidder, Peabody.

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Grand Met Again Raises Bid in Battle for Martell

Compiled by Our Staff From Dispatches

PARIS — Grand Metropolitan PLC, the British group that is battling Seagram Co. of Canada for control of Martell & Company, raised its bid for the cognac house again Friday, to 3,300 French francs (\$596.50) a share, the Paris Stockbrokers' Association said.

Grand Met's previous offers had been for 2,675 and then 2,825 francs for each of the 80 percent of Martell's ordinary shares that it did not already own. Those bids were topped Monday by an offer of 2,975 francs by Seagram, which holds 11.9 percent of Martell.

A spokesman for Grand Met said that this would be the final offer from the British group, which has interests in hotels, food and beverages.

Grand Met's new bid valued Martell's share capital at 4.6 billion

francs, or 120 million francs more than Seagram's offer did.

Both bids now are for all the outstanding shares and convertible bonds and are aimed at getting at least a 50.01 percent stake in the prestigious cognac producer.

Grand Met's new bid included an offer of 3,884 francs for Martell's 1977, 8.75 percent convertible bonds and 3,630 francs for its 1985, 8.50 percent convertible bonds.

A spokesman for Crédit Commercial de France, which is acting as advisory bank to Grand Met, said the new offer totaled 5 billion francs.

The Grand Met spokesman said that the group's chief executive, Aiken J. G. Sheppard, is to meet next week with the Martell family, which owns 41 percent of the stock. "This is our final offer for the outstanding shares," the spokes-

man said, adding that Martell had been advised of that.

The spokesman said that Mr. Sheppard, accompanied by George J. Ball, chief executive of International Distillers & Vintners Ltd., Grand Met's wine and spirits division, would meet with René Firino Martell next week in Cognac, France. Mr. Martell is chairman of the family-owned cognac business.

Grand Met was given the French government's authorization this week to bid for Martell after Seagram's initial purchase agreement with the Martell family was ruled invalid by the stockbrokers' association on the grounds that it violated takeover regulations.

That private agreement, made in December, was between Seagram's champagne-making subsidiary, Mumm & Compagnie, and the Martell family for 2,500 francs a share.

After talks with Paris Bourse authorities this week, Seagram topped Grand Met's previous offer, made Jan. 5.

The struggle for Martell began in December when Seagram announced that it had taken over the company after signing a deed of sale with the Martell family. But Grand Metropolitan and Paris Bourse officials contested the legality of the sale, in that it would have given small shareholders no say in the transaction.

Trading in Martell shares on the Paris Bourse has been suspended since Dec. 16, when the price was 2,390 francs a share. The stockbrokers' association, which acts as the exchange's regulatory body, said it would announce Monday when it will let trading resume. Both the Grand Met and the Seagram bids run until Feb. 19. (AP, Reuters)

Li Was Bribed By a Builder, Court Is Told

Compiled by Our Staff From Dispatches

HONG KONG — The former chairman of the Hong Kong Stock Exchange was charged Friday with taking a bribe to facilitate the market listing of a subsidiary of a Japanese construction company.

Ronald Li, who stepped down in December as chairman, appeared in court and was charged with accepting 1.1 million shares of Kumagai Gumi (Hong Kong) Ltd. so that its new offering of 67 million shares would be listed for trading last May. Kumagai Gumi Co. is one of Japan's largest construction companies.

Mr. Li entered no plea. The case was continued until April 14. He remained free on bail.

Mr. Li, who is still a suspended vice chairman at the exchange, was arrested Jan. 2. Thursday, he was charged by the anti-corruption commission, under the colony's Prevention of Bribery Ordinance.

Kumagai Gumi (Hong Kong) shares were initially offered at 2.50 Hong Kong dollars (32 U.S. cents) each. The shares surged above 4 dollars once they were on the market, and by Oct. 1, they were trading at 6.50 dollars. On Friday, they ended at 3.725 dollars.

Mr. Li was chairman of the stock exchange during its controversial four-day closure in October. (UPI, Reuters, AFP)

INTERNATIONAL CURRENCY REVIEW

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Latest issue contains: Understanding the downturn - The Sprinkler System - A US Federal budget: the problem of 'permanent appropriations' - A Currency economic report: US dollar and the World Economy - Japanese yen - Deutschemark - UK pound - Italian lira - Canadian dollar - Global markets. 'My colleagues in Shell's Treasury and I found the December 1987 issue of ICR most stimulating reading, one of the best you have produced (this from a reader of 15 years' standing)' - S M G Hodge, Shell Centre.

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NYSE Most Actives table with columns: Vol, High, Low, Last, Chg.

Market Sales table with columns: NYSE 4 p.m. volume, NYSE adv. volume, etc.

NYSE Index table with columns: High, Low, Close, Chg.

Friday's NYSE Closing Via The Associated Press logo

AMEX Diary table with columns: Class, Prev.

NASDAQ Index table with columns: Close, Chg., Week Ago, Year Ago

AMEX Most Actives table with columns: Vol, High, Low, Last, Chg.

Dow Jones Bond Averages table with columns: Bond, Close, Chg.

NYSE Diary table with columns: Class, Prev.

Odd-Lot Trading in N.Y. table with columns: Day, Sales, %Chg.

Dow Jones Averages table with columns: Index, High, Low, Last, Chg.

Standard & Poor's Index table with columns: High, Low, Close, Chg.

NASDAQ Diary table with columns: Class, Prev.

AMEX Stock Index table with columns: High, Low, Close, Chg.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Large table of stock prices (A) with columns: 12 Month High, Low, Stock, Div., Yld., PE, 52-Week High, Low, Close, Chg.

NYSE Higher on Trade Figures

NEW YORK — The stock market embraced Friday's better-than-expected report on the U.S. merchandise trade deficit in November and celebrated by pushing prices sharply higher in active trading. The Dow Jones industrial average rose 39.96, or 2.09 percent, to close the week at 1,956.07. For the week, the index gained 44.76 points. The Dow surged nearly 55 points in the first half hour as news that the trade deficit in November narrowed to \$13.22 billion, down 25 percent from the record \$17.63 billion in October, and well below estimates of around \$15 billion or so. "The numbers were very good and the market responded quite positively," said Chester Pado, director of research at Jefferies & Co. in Los Angeles. Advancing issues topped declines by a ratio of about 7-2 among the 1,967 issues traded. Volume totaled 197.9 million shares, compared with the 140.6 million shares traded Thursday. Mr. Pado said the market's advance should continue into next week now that the trade numbers are out of the way and the uncertainty has been lifted. "There was a lot of cash sidelined by worries over the trade figures," he said. "By Monday and Tuesday, it should begin to flow in. Portfolio managers will not be able to sit on the sidelines and watch the market hold up." Mr. Pado said the market should now retest the 2,050-level on the Dow. "What today does is put the momentum back into gear on the upside," he said. "The sellers are not there and the lack of selling indicates there is cash around. There is not the urgency to raise any more." Next week, he said, investors "should start to spend some of it." "It looks like the market passed the acid test," said Eugene Peroni Jr., chief technical analyst at Janney Montgomery Scott Inc. in Philadelphia. "The anxieties of the past couple of weeks over the trade number have been calmed." "The market is advancing not only from the trade number but from the psychological relief effect as well," he said. "The market had been so polarized because of the anticipation over the trade figures, everything else was really dampened. Investors can now return to assessing stock valuations on a practical and reliable basis." Mr. Peroni said he saw the market entering a trading range of between the upper 1,800s and 2,020, as measured by the Dow, that will eventually give way to a move toward 2,300 by the end of the first quarter. "The trade report is not enough in and of itself," he said. "But it has removed a large anxiety in the market and will allow investors to focus on a more healthy outlook for the economy, for stocks and for earnings." Texaco was the most active NYSE-listed issue, up 1/4 to 37 1/2. AT&T followed, up 1/4 to 29 1/2. Du Pont was third, up 1/2 to 8 1/4. IBM was up 2/8 to 118 1/4. Digital Equipment was up 1/2 to 119. Among other blue chips, General Electric was up 1/4 to 46 1/4, American Express was up 1/2 to 25 1/2, Merck was up 1/2 to 150 1/4 and Kodak was up 1/4 to 51 1/4.

Large table of stock prices (B) with columns: 12 Month High, Low, Stock, Div., Yld., PE, 52-Week High, Low, Close, Chg.

Large table of stock prices (C) with columns: 12 Month High, Low, Stock, Div., Yld., PE, 52-Week High, Low, Close, Chg.

Large table of stock prices (D) with columns: 12 Month High, Low, Stock, Div., Yld., PE, 52-Week High, Low, Close, Chg.

Large table of stock prices (E) with columns: 12 Month High, Low, Stock, Div., Yld., PE, 52-Week High, Low, Close, Chg.

Large table of stock prices (F) with columns: 12 Month High, Low, Stock, Div., Yld., PE, 52-Week High, Low, Close, Chg.

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Large table of stock prices (H) with columns: 12 Month High, Low, Stock, Div., Yld., PE, 52-Week High, Low, Close, Chg.

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Large table of stock prices (J) with columns: 12 Month High, Low, Stock, Div., Yld., PE, 52-Week High, Low, Close, Chg.

Large table of stock prices (K) with columns: 12 Month High, Low, Stock, Div., Yld., PE, 52-Week High, Low, Close, Chg.

Large table of stock prices (L) with columns: 12 Month High, Low, Stock, Div., Yld., PE, 52-Week High, Low, Close, Chg.

Large table of stock prices (M) with columns: 12 Month High, Low, Stock, Div., Yld., PE, 52-Week High, Low, Close, Chg.

Handwritten signature: J.P. Colis

Vertical advertisement on the right edge of the page, including 'Friday's OTC Prices' and other market-related text.

CURRENCY MARKETS

IMPACT: Surprising U.S. Data Boost Dollar, Shares

(Continued from Page 1)
rowing could set off a recession, depressing stock prices.
The weaker dollar itself has underlain stock prices in Asia and Europe, as manufacturers in those regions began losing sales to suddenly more competitive American products.

London Dollar Rates

Table with columns: Currency, Bid, Ask, Bid, Ask. Includes entries for Deutsche mark, French franc, Swiss franc, and British pound.

The pound slumped to \$1.765 from \$1.8190.
Stocks zoomed higher on the London Stock Exchange in reaction to the trade number. The Financial Times-Stock Exchange 100-share index, down slightly before the announcement, closed 43.3 points higher at 1,786.7.

Bonn Minister Defends Deficit

BONN — Finance Minister Gerhard Stoltenberg on Friday defended a decision to let West Germany's 1988 budget deficit rise to a record level. He called it a necessary step to bolster economic growth.

Proposal for a European Central Bank Gains

LUXEMBOURG — The heads of the continent's central banks are beginning to take more seriously the idea of setting up a European central bank, the chief of Luxembourg's monetary authority said Friday. He added, however, that it still could be years before such an institution is created.

Mr. Balladur wrote to the finance ministers of the 12 European Community nations last week, setting out his ideas on continental and global monetary reform.
On Thursday, in an interview with the French newspaper Le Figaro, he renewed his country's pressure for a stronger European Monetary System and urged West Germany to do more to reflate its economy.

The Italian lira is now allowed wider fluctuation than the other currencies.
Mr. Balladur said he hoped to reach agreement on at least a framework for discussion of his ideas at the next EC summit meeting, in Brussels on Feb. 11-12.

BRITAIN: Every Prospect Pleases, Except for Dollar

(Continued from first finance page)
depreciation of the inflation-adjusted dollar exchange rate, measured against a weighted average of other currencies, needed to take place. Since many currencies, unlike the yen and the mark, are kept in line with the dollar and inflation differentials are small, Mr. Dornbusch said, the implication was that there needed to be "major further depreciation" of the nominal dollar rate against the mark and the yen.

Share trading in Frankfurt closed below the trade figures were released.

In the U.S. bond market, the Treasury's key 30-year issue rose about 2 1/2 points, or \$25 per \$1,000 in face amount, to close at 101 3/32.
In earlier European currency trading, the dollar was fixed lower in Frankfurt at 1.6314 DM from 1.6374 on Thursday, and in Paris at 1.6374 on Thursday, and in London at 1.6374 on Thursday, and in Frankfurt at 1.6314 DM from 1.6374 on Thursday, and in Paris at 1.6374 on Thursday, and in London at 1.6374 on Thursday.

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TRADE: U.S. Deficit Narrows to \$13.22 Billion as Exports Hit Record

(Continued from Page 1)
as world financial markets "were about to throw in the towel."
The U.S. trade representative, Clayton K. Yeutter, said the November figures showed "we are already in the middle of an export boom," not just on the verge of one.
And the commerce secretary, C. William Verity, said, "All of us can now take satisfaction in the strong upward trend of American exports."

The U.S. deficit with Western Europe shrank by \$600 million, to \$2.4 billion, largely as a result of a \$472 million increase in U.S. exports.
The deficit with Taiwan fell by \$572 million, to \$1.2 billion.
"The November trade figures are good news by any test," Mr. Verity said. "It is clear that the real volume of imports was well below imports in November a year ago, a sign that U.S. industry is beginning to regain the home market" from foreign competitors.

Merchants have generally finished stocking up for Christmas by the end of October and oil suppliers have already imported oil for the winter.
One of the criticisms leveled at the trade figures is that they are not adjusted for seasonal fluctuations.
William Lilly 3d, president of the American Business Conference, said that the market emphasis on trade figures shows an unease with the U.S. economy. "When changes of a few billion dollars in America's trade account can pound the dollar and endanger equity values, something is terribly wrong," he said.

Friday's OTC Prices
NASDAQ prices as of 4 P.M. New York time.
This list is compiled by the AP, consists of the 1,000 most traded securities from a dollar volume.

Table with columns: 12 Month High Low Stock Div. Yld. Sales in 1987 High Low 4 P.M. Ctr. Net High Low. Includes entries for AIG, AIG-Ins, AIG-Inv, etc.

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SPORTS

Cash, Lendl Advance In Torrid Melbourne

Completed by Our Staff From Dispatches MELBOURNE — Top-seeded Ivan Lendl and Wimbledon champion Pat Cash advanced to the fourth round of the Australian Open tennis tournament Friday with straight-set triumphs, while Chris Evert and Martina Navratilova were both taken to the full distance before winning.

Many players were on the point of collapse; some became confused, forgetting to change ends, and some suffered from nausea, dehydration and muscle spasms when they moved inside to the air-conditioned locker rooms.

SCOREBOARD

Tennis

Australian Open Singles Results (At Melbourne) MEN'S SINGLES Third Round Ivan Lendl, Czechoslovakia, def. Mark Woodhouse, Australia, 6-4, 6-3, 4-1; Pat Cash, Australia, def. Paul McNamee, Australia, 6-4, 6-3, 6-4; Chris Evert, U.S., def. Eddie Edwards, South Africa, 6-2, 6-1, 7-4; Martina Navratilova, Czechoslovakia, def. Pam Shriver, U.S., 6-4, 6-3, 6-4.

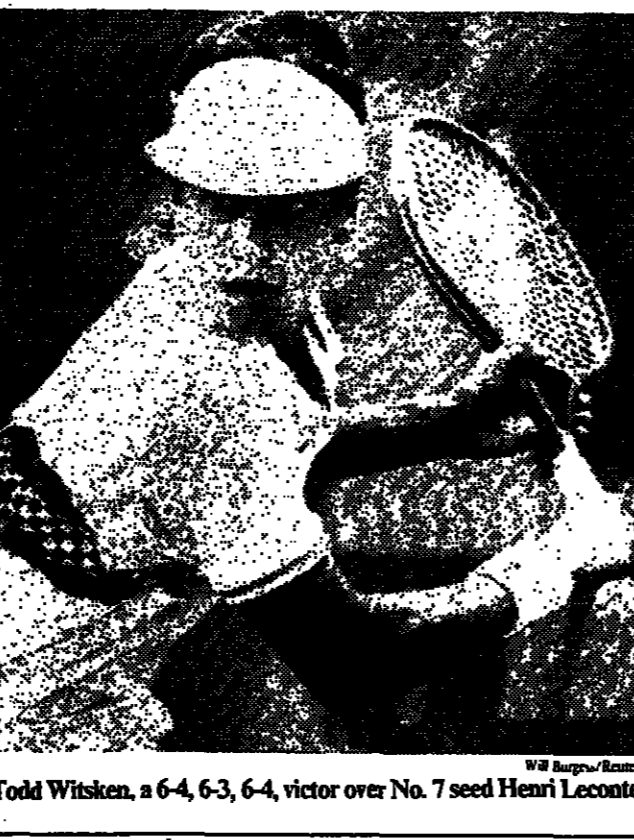
Basketball

NBA Standings

Table with columns for Eastern Conference, Western Conference, and Pacific Division, listing teams, wins, losses, and percentages.

U.S. College Results

Table listing college basketball results for various conferences including East, Far West, and National Basketball Association.



Todd Witsken, a 6-4, 6-3, 6-4, victor over No. 7 seed Henri Leconte.

Football Cardinals Propose Move to Arizona This Year

The Associated Press NEW YORK — St. Louis Cardinal owner William Bidwill told the National Football League on Friday that he wants to move his team to Phoenix, Arizona, before the start of the 1988 season.

SPORTS BRIEFS

Gregg Quits Packers to Coach at SMU WASHINGTON (AP) — Forrest Gregg resigned late Thursday as coach of the National Football League Green Bay Packers to become head coach at his alma mater, Southern Methodist University.

Pate Leader by 1 Shot in PGA Opener

CARLSBAD, California (AP) — Steve Pate shot a bogey-free 66 for a one-shot lead after Thursday's first round of the Tournament of Champions, the opening event of the 1988 Professional Golfers Association tour.

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Tests of Team Unity for NFL's Final Four

By Gerald Eskenazi New York Times Service

NEW YORK — National Football League winners talk of unity, and one ingredient a team can use to bring it about is another team's divisiveness.

NFL PLAYOFFS

to Super Bowl XXII on Jan. 31. These clubs, all winners so far, did not always take the same road to the most critical point of this unusual season: the strike.

NFC Vikings at Redskins

These teams met on Dec. 26, and Doug Williams won the quarterback job from Jay Schroeder as a result of Washington's overtime victory.

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Baseball's Off-Season Is Only a Memory

New York Times Service

NEW YORK — In the old days, Casey Stengel used to drive a taxicab in Kansas City to pay the bills, Walter Johnson dug postholes for the Idaho Telephone Co., Smokey Joe Wood and countless other baseball players spent their winters working the family farm and Babe Marquand's three winters hoofing round the vaudeville circuit on stage with his wife, Blossom Seelye.

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Quarterback Doug Williams: a scrambler with an extraordinary arm.

VANTAGE POINT/ Joseph Durso

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